

FACT SHEET

EX-IM BANK SUPPORT FOR U.S. AIRCRAFT EXPORTS

Ex-Im Bank offers financial support for the export of new and used U.S. manufactured commercial and general aviation aircraft, including helicopters, under its direct loan, guarantee, and insurance programs. The terms and conditions of Ex-Im Bank's aircraft programs are governed by the OECD Sector Understanding on Export Credits for Civil Aircraft. Ex-Im Bank typically provides guaranteed loans that have been extended by a financial institution to either the borrower directly or to facilitate a finance lease.

NEW AIRCRAFT

Large Commercial Aircraft

New large commercial aircraft, which generally have over 70 seats in a passenger configuration, are typically financed through an asset-based finance lease structure. The credit decision rests on the creditworthiness of the airline/lessee and/or the guarantor, plus the additional security provided by the financed aircraft. As stipulated by the OECD, Ex-Im Bank offers up to a maximum of twelve-year repayment terms. Repayment may be structured as either a level principal or mortgage-style amortization. In all cases, Ex-Im Bank reserves the right to make the final determination on the profile of the debt repayment schedule. The maximum financed amount equals 85 percent of the U.S. contract price net of all manufacturer credit memoranda. However, the financed amount may be reduced in cases where the risks are considered significant.

Ex-Im Bank may allow the inclusion of spare parts, related ground equipment, training costs, and transaction expenses in sovereign guaranteed large aircraft transactions. Generally, these items are not included in asset-based transactions; however, they may be considered on a case-by-case basis when a substantial asset value to loan margin exists and the airline is a suitable credit risk. The items also could be considered in an application that is separate from the large aircraft financing.

Small Commercial & General Aviation Aircraft

Generally, asset-based financing structures for small aircraft are not as predominant as such structures are in large aircraft financings. The credit decision on small aircraft transactions is usually based upon the creditworthiness of the airline and/or the guarantor; however, in some circumstances, Ex-Im Bank may also require a security interest in the aircraft. OECD Category A aircraft, including turbojet, turboprop, and turbo fan aircraft, with capacities ranging from 30 to 70 seats, may be financed on ten-year terms. OECD Category B aircraft, turbine-powered aircraft with fewer than 30 seats, may be considered for financing on repayment terms of seven-years. OECD Category C aircraft, which includes all other aircraft, may be eligible for five-year repayment terms. All OECD Category A, B, and C aircraft are eligible for financing support up to a maximum of 85 percent of the U.S. contract price. Just as with large aircraft, repayment may be structured as either a level principal or mortgage-style amortization and Ex-Im Bank reserves the right to make the final determination on the profile of the debt repayment schedule.

Military Aircraft

Ex-Im Bank is prohibited, by law, from supporting the sale of military aircraft or civilian aircraft that will be used for military applications. In order to qualify for support, Ex-Im Bank must be satisfied that all aircraft sales to military or quasi-military buyers are intended to be used for primarily civilian or humanitarian purposes. A limited waiver of the statutory prohibition may be obtained from the State Department in cases where defense articles will be used for drug interdiction purposes.

USED AIRCRAFT

Ex-Im Bank will consider supporting the export from the U.S. of both large and small used aircraft on a case-by-case basis. The terms and conditions will differ from those cited above, and repayment terms will be shorter than the terms for comparable new aircraft.

FEES

An exposure fee will be assessed for each transaction. The exposure fee charged on a particular transaction reflects Ex-Im Bank's assessment of the creditworthiness of the borrower and/or guarantor and the risks presented by the transaction. The exposure fee may be included in the financed amount supported by Ex-Im Bank. Ex-Im Bank's minimum exposure fee for new large aircraft transactions is 3%. Transactions that present particularly high risks may be assessed an exposure fee greater than the minimum. General aviation and used large commercial aircraft will be charged exposure fees according to Ex-Im Bank's general fee system. The interest rate on Ex-Im Bank direct loans is set according to the OECD sector understanding, which utilizes the 10-year U.S. Treasury bond yield plus a margin. Ex-Im Bank also charges a commitment fee of 1/8 percent on the unutilized amount for a guaranteed loan and 1/2 percent for a direct loan. Commitment fees may not be financed under the Ex-Im Bank supported loan.

MORE INFORMATION

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